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January 28, 2025

To: The Honorable C.T. Wilson
Chair, Economic Matters Committee

From: Karen S. Straughn
Consumer Protection Division.

Re: House Bill 332 – Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony to support House Bill 332 submitted by Delegates Vaughn Stewart and Mike Griffith. This bill limits the liability of an individual for unauthorized wire transfers and is intended to protect scam victims, including senior citizens and vulnerable adults, who are deceived or pressured into making electronic transfers of their hard-earned savings.

Wire transfer fraud includes any bank fraud that involves electronic communication mechanisms instead of face-to-face communication at a financial institution. It also involves the fraudulent attainment of banking information, by way of false pretense, to gain access to another person's bank account. Because wire transfers are nearly instantaneous and extremely difficult to reverse, they present a preferred payment method for scammers. By the time victims realize they've been scammed, the fraudster is gone along with their money.

This bill seeks to limit the responsibility of an innocent consumer for an unauthorized wire transfer. This safeguard places the onus on the financial institution to protect individuals who are less savvy to these potential scams, and to ensure that wire transfers are not inadvertently intercepted. Since, however, the bill places the responsibility on the Office of Financial Regulation (OFR) to promulgate regulations implementing the bill, the details on how the bill's goals will be achieved have yet to be defined. It is our understanding that this will result in a need for additional staffing by the attorneys as counsel to the OFR.

For the reasons set forth, the Consumer Protection Division requests that the Economic Matters Committee issue a favorable report on this bill.

cc: The Honorable Vaughn Stewart
The Honorable Mike Griffith
Members, Economic Matters Committee